

**COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES OF THE NOVEMBER 15, 2011 HEARING**

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held its scheduled monthly hearing commencing at 9 a.m. on Tuesday, November 15, 2011, at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Present at the meeting were: Bradley Lambert, Katie Dye, Bill Harris, Bruce Prather, Mary Quillen and Keith Compton.

Also present were Sharon Pigeon, Sr. Assistant Attorney General, Rick Cooper, Acting Director for the Division of Gas and Oil and Jim Lovett, Inspector for the Division of Gas and Oil.

1. The board will receive public comments.
No public comments were received.
2. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization of direct payment of royalties for Unit EE-37, Tracts 1C, 1D and 1E, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-03-1021-1205-01. The petition was continued from October 2011.
The petition was approved to disburse 1C, 1D, 1E by court order and to pay future royalties directly to the claimants.
3. The Board on its own motion will receive corrective testimony from CNX Gas Company, LLC on a petition approved for disbursement in May 2011, Unit BA-110, New Garden District, Russell County, Virginia. The petition was for the disbursement of Tract 4A. Docket Number VGOB-02-0917-1072-01. The petition was continued from October 2011.
The question of the dollar amount for working interest vs the dollar amount for royalty interests was clarified and disbursement was approved.
4. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Unit U-27, Garden District, Buchanan, Virginia. The petition is for the disbursement of a portion of Tract 2. Docket Number VGOB-97-0218-0563-03. Continued from October 2011.
Combine 4, 5, and 6 (same people). Originally filed in 02-2011. (original overpayment-recouped by DGO). Item 4-updated 10-31-11 disbursed as shown on A1 royally split agreement on 4, 5, 6 50/50 split. APPROVED
5. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Unit U-28, Garden District, Buchanan County, Virginia. The petition is for the disbursement of a portion of Tract 1. Docket Number VGOB-97-0218-0564-02. Continued from October 2011.
The disbursement as shown on Exhibit 1A was approved as a 50/50 split agreement.

6. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Unit T-28, Garden District, Buchanan County, Virginia. The petition is for the disbursement of a portion of Tract 5. Docket Number VGOB-97-0218-0565-02. Continued from October 2011.
The disbursement as shown on Exhibit 1A was approved as a 50/50 split agreement.
7. The Board on its own motion will receive corrective testimony from CNX Gas Company, LLC on a petition approved for disbursement in August 2011, and Unit AY-119. The petition was for disbursement of a portion of Tract 2. Docket Number VGOB-03-0513-1149-02. The petition was continued from October 2011.
The petition was approved with the submission of a revised Exhibit E and 1A.
8. A petition from CNX Gas Company, LLC for disbursement of funds from Tracts 2H, 3A, 3B and 3C for Unit T-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0625-10. The petition was continued from October 2011.
**Disbursement 2H, 3A, 3B, 3C Revised 1A and EE
Royalty agreement 50/50 split. Testimony from @ Linkous Horne heirs (2 citizens) request to not have disbursements made. Request to pay directly by CNX. One payment of (April 2011/by DGO needs to process order to expedite) disbursement needs to be made. The petition was approved.**
9. A petition from CNX Gas Company, LLC for disbursement of funds from Tracts 1A and 1D for Unit T-37, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0421-0650-06. The petition was continued from October 2011.
Same as Item 8 Deed of Gift as testified on item 8 partial disbursement 50/50 split agreement. This will close the account. Citizen's object to disbursement (Linkous Horne Heirs) The petition was approved.
10. A petition from CNX Gas Company, LLC for disbursement of funds from Tract 2A for Unit Z-12 resulting from Dismissal Order Case Number 162-90, Buchanan County, Virginia. Docket Number VGOB-91-0521-0126-01. The petition was continued from October 2011.
Mr. Pruitt (attorney) requested that 15% be set aside due to a challenge. Notice of competing claim. CNX requested to close the account by court order. Board Ruling: disburse due to the non-suit that was filed and because the six month objecting period has expired. The disbursement petition was approved.
11. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from a portion of Tract 3 for Unit AY-98, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-05-1213-1542-02. The petition was continued from October 2011.
The petition was approved based on a 50/50 split agreement.
12. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from a portion of Tract 1A for Unit AZ-100, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-03-0415-1139-02. The petition was continued from October 2011.

Partial disbursement per CBM deed as stated in item 11. Sanders sold her interest, the exact amount needs disbursed prior to % disbursement as shown on exhibit A-1. The disbursement was approved and will require future payments to be paid direct.

13. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from Tracts 1A, 1B, 1C, 1D, 1F and 1H for Unit AZ-103, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-06-0516-1631-02. The petition was continued from October 2011.

The petition was approved with future royalty payments to be disbursed directly.

14. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from Tracts 1, 3C and 3D for Unit BC121, New Garden District, Russell County, Virginia. Docket Number VGOB-03-0218-1116-01. The petition was continued from October 2011.

The disbursement was approved with future royalties being paid direct. The account will remain open for lack of W9 from Daniel Keene. The disbursement is based on a 50/50 split agreement.

15. A petition from CNX Gas Company, LLC for disbursement of funds, authorization for direct payment of royalties, and removing previous unknown/unlocateable respondents from Exhibit E Tract 2B for Unit EE-36, Maiden Springs/New Garden Districts, Tazewell/Russell Counties, Virginia. Docket Number VGOB-02-1015-1083-01. The petition was continued from October 2011.

The petition was approved for a partial disbursement by court order to Joel Absher. Remove unknowns on tract 4 because they have been being paid direct. A revised Exhibit EE was submitted. Names are to be removed was put on record. The operator will pay future royalties directly.

16. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Tract 1 for Unit S-14, South Grundy and Garden Districts, Buchanan County, Virginia. Docket Number VGOB-92-0317-0196-01.

The petition was approved for disbursement.

17. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from Tract 1A for Unit AX-112, New Garden District, Russell County, Virginia. Docket Number VGOB-03-1118-1220-01.

The petition was approved for disbursement based on a 50/50 split agreement. The operator will pay future royalties directly.

18. A petition from CNX Gas Company, LLC for a one-time reimbursement of overpayment to the operator prior to additional disbursement of funds and authorization for direct payment of royalties from a portion of Tract 3 for Unit S-44, Garden District, Buchanan County, Virginia. Docket Number VGOB-00-0321-0784-02.

The petition was approved as submitted.

19. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from Tracts 2 and 3 for Unit Z-9, South

Grundy District, Buchanan County, Virginia. Docket Number VGOB-91-0430-0115-01.

The petition was approved with a 50/50 split agreement and request to pay future royalties directly.

20. A petition from EQT Production Company on behalf of Randall and Virginia Vandergriff and Range Resources for disbursement of funds and authorization of direct payment for Tract 6 for Unit 703594, Kenady District, Dickenson County, Virginia. Docket Number VGOB-96-0820-0552-03.

The petition was approved for disbursement as shown on Exhibit A1.

21. A petition from EQT Production Company on behalf of Alcie Keen and Range Resources for disbursement of funds and authorization of direct payment for Tract 3 for Unit 536448, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-1017-1739-01.

The petition was approved for disbursement with the submission of revised exhibits because of typos.

22. A petition from Range Resources-PMI on behalf of May Sue Harris Trust, Trustee: Michael Kauble for disbursement of funds and authorization of direct payment for Tracts 1 and 2 for Unit 825694, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1749-01.

The petition was approved for disbursement and the account will be closed.

23. The Board on its own motion will receive testimony from CNX and T. Shea Cook, concerning a Final Order of the Court concerning Gary Davis, et al v. CNX Gas Company, LLC and Coal Mountain Mining, LLP for Units Y-32 and Y-33. Docket Number VGOB-96-1024-0524 and 97-0318-0573.

No petition filed due to discrepancies found with Shea Cook.

The matter was continued to January 2012.

24. The Board, on its own motion, will consider a proposal from the Horizontal Drilling Committee established by the Board for an order establishing Field Rules for Horizontal Drilling in Southwest Virginia. Docket Number VGOB-11-0816-2986. Continued from October 2011.

The proposal was continued to December. The Board will vote on the petition in December.

25. A petition from CNX Gas Company, LLC for re-pooling of Coalbed Methane Unit AV-110, Hurricane and New Garden Districts, Buchanan and Russell County, Virginia. Docket Number VGOB-01-0320-0870-03. The petition was continued from October 2011.

The petition was withdrawn by CNX.

26. A petition from CNX Gas Company, LLC for pooling of Coalbed Methane Unit B-52, Garden District, Buchanan County, Virginia. Docket Number VGOB-11-0920-2987. The petition was continued from October 2011.

The petition was approved.

27. A petition from CNX Gas Company, LLC for pooling of Coalbed Methane Unit YYY-33, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0920-2988. The petition was continued from October 2011.
The petition was approved by the board with the operator submitting a plat correcting the dry well symbol.
28. A petition from CNX Gas Company, LLC for re-pooling of Coalbed Methane Unit AX-118, New Garden District, Russell County, Virginia. Docket Number VGOB-03-0715-1160-01. The petition was continued from October 2011.
The petition was approved. The re-pooling removed Whited (leased) and Tract 6A has a split agreement.
29. A petition from CNX Gas Company, LLC for the creation of a 320 acre horizontal conventional drilling unit and pooling for OOO29SH Unit, Knox District, Buchanan County, Virginia. Docket Number VGOB-11-1018-2995. The petition was continued from October 2011.
The petition was approved.
30. A petition from CNX Gas Company, LLC for the creation of a 320 acre horizontal conventional drilling unit and pooling for VVV29SH Unit, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-1018-2996. The petition was continued from October 2011.
The petition was approved.
31. A petition from CNX Gas Company, LLC for re-pooling for Unit BC-120, New Garden District, Russell County, Virginia. Docket Number VGOB-03-0218-1115-01. The petition was continued from October 2011.
The petition was approved.
32. A petition from CNX Gas Company, LLC for re-pooling for Unit BD-120, New Garden District, Russell County, Virginia. Docket Number VGOB-05-0215-1398-01. The petition was continued from October 2011.
The petition was approved.
33. A petition from CNX Gas Company, LLC for modification of order for production from vertical well bore of 110SH, allow for second horizontal well and a location exception for the second well, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0719-2972-01. The petition was continued from October 2011.
The petition was approved.
34. A petition from CNX Gas Company, LLC for pooling and location exception for coalbed methane Unit A-31, Garden District, Buchanan County, Virginia. Docket Number VGOB-11-1115-2999.
The petition was approved and it was noted that the Director of the Division of Gas and Oil could grant the location exception.

35. A petition from CNX Gas Company, LLC for pooling and location exception for coalbed methane Unit D-47, Garden District, Buchanan County, Virginia. Docket Number VGOB-11-1115-3000.
The petition was approved. Mr. Lambert (Chairman) requested that the applicant show location exception maps in future applications.
36. A petition from CNX Gas Company, LLC for creation of drilling unit and pooling for conventional gas unit O75ACV, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-11-1115-3001.
The petition was approved. Anita Duty testified this was a Range Resource area which had expired.
37. A petition from CNX Gas Company, LLC for creation of drilling unit and pooling for conventional gas unit T3CV, Prater District, Buchanan County, Virginia. Docket Number VGOB-11-1115-3002.
The petition was approved with the submission of a new plat showing the 2500' distance to the nearest well.
38. A petition from CNX Gas Company, LLC for pooling of coalbed methane Unit ZZZ-31, North Garden and Grundy Districts, Buchanan County, Virginia. Docket Number VGOB-11-1115-3004.
The petition was approved.
39. A petition from CNX Gas Company, LLC for creation of drilling unit and pooling for conventional gas unit T1CV, Prater District, Buchanan County, Virginia. Docket Number VGOB-11-1115-3005.
The petition was approved. A spacing exception request by CNX was submitted. Ian Lucas presented a short definition and geological paper on the Big Lime play (exhibit-AA furnished to the Board).
40. A petition from CNX Gas Company, LLC for re-pooling coalbed methane Unit J-37, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0116-1853-01.
The petition was approved.
41. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530321, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-11-1115-3006.
The petition was approved.
42. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530320, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-11-1115-3007.
The petition was approved with the submission of a revised Exhibit AA showing the well to be P-157.
43. The Board will receive an update of Board and Division activities from Staff.
No information was provided at this time.

44. The Board will review the October 2011 minutes for approval.
The October minutes were approved.

The meeting adjourned at 4:15 p.m.